

**SECOND NATIONAL  
CONFERENCE ON  
FINANCIAL MANAGEMENT  
AND DEVELOPMENT OF  
MUNICIPALITIES IN THE  
CZECH REPUBLIC**

Prepared for



Prepared by

Francis Conway

East European Regional Housing Sector  
Assistance Project  
Project 180-0034  
U.S. Agency for International Development,  
ENI/EEUD/UDH  
Contract No. EPE-C-00-95-001100-00, RFS No.



**THE URBAN INSTITUTE**

2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

June 1997  
UI Project 06610-403

## TABLE OF CONTENTS

ORGANIZATION AND OBJECTIVES .....	1
BACKGROUND .....	1
STRUCTURE .....	2
RESPONSIBILITIES .....	3
Pre-Conference .....	3
During the Conference .....	3
CONTENT .....	4
General Session 1: Financial Disclosure and Credit Evaluation .....	4
Individual Sessions on Specific Subjects .....	5
General Session 2: Municipal Credit Alternatives .....	14

## **SECOND NATIONAL CONFERENCE ON FINANCIAL MANAGEMENT AND DEVELOPMENT OF MUNICIPALITIES IN THE CZECH REPUBLIC**

### **ORGANIZATION AND OBJECTIVES**

The Conference on Financial Management and Development of Municipalities in the Czech Republic is a joint undertaking of the Union of Towns and Communities of the Czech Republic (UTC) and the United States Agency for International Development (USAID). The Conference will emphasize two closely related themes:

- Sound management of the finances of municipalities is important to the national development of the Czech Republic
- Mayors and municipal finance officers play a vital and important role in ensuring sound management of municipal finances

This is the second conference with these basic themes organized jointly by the UTC and USAID. The first was held in Prague in September 1997. The effort is part of a continuing collaborative effort by the UTC and USAID to improve the ability of municipalities in the Czech Republic to participate successfully in the emerging municipal credit finance system. Through its Municipal Finance Program in the Czech Republic, USAID has supported the development of that system by working with the Union of Towns and Cities, Parliament and national ministries responsible for setting overall policies, with private commercial banks interested in lending to municipalities and with the municipalities seeking financing for priority investment projects. The assistance has included a Housing Guaranty (HG) loan and short-term technical assistance. The technical assistance provided directly to a number of Czech municipalities has focused on assisting them in securing credit financing for priority infrastructure projects. In the process USAID has sought to develop replicable successful models of capital planning, infrastructure investment and debt management that can be shared with other Czech municipalities.

### **BACKGROUND**

As part of the decentralization enacted in 1990, responsibility for providing basic services such as health and education and for developing and operating local infrastructure in the Czech Republic has been delegated to local governments. The new tax and intergovernmental finance system implemented in 1993, reinforced the trend toward greater local autonomy and responsibility by giving municipalities a share of

national tax revenues to spend and invest according to decisions made entirely by local elected officials. The development of a new system to channel credit to municipalities to finance investments in infrastructure was a necessary and natural complement to this process of decentralization.

There has been great progress to date in the development of the municipal credit system. Net medium and long-term commercial lending to municipalities has increased dramatically. All of the lending has occurred at full domestic or international market rates of interest, without subsidies of any kind. Volume of market-based loan activity is increasing. The continued development of this municipal credit market presents special challenges for the national and local governments, as well as for the private institutions that are active in that market.

At the same time, local government officials also must continue to identify and implement measures to provide better services in their communities. Faced with competing demands for scarce budget resources, they are constantly seeking new ways to reduce costs and improve efficiency. This also presents special challenges that require new analytical and management techniques.

The Conference will provide a forum where mayors and finance officers can come together to share common concerns and experiences regarding these challenges. It also will provide the opportunity to learn from each other and from financial management specialists.

## STRUCTURE

The structure of the Conference will be as follows:

### ! First day

- The initial plenary session
- The first working session: The first common session with a general presentation on "Credit Evaluation and Financial Disclosure"
- The second working session: Four individual parallel sessions dealing in depth with specific subjects of interest to local government finance

### ! Second day

- The third working session: Four individual parallel sessions dealing in depth with specific subjects of interest to local government finance
- The fourth working session: The second common session with a general presentation on “Municipal Credit Alternatives”
- The final closing plenary session

The overall structure of the Conference is represented in table form at the end of this document.

## **RESPONSIBILITIES**

### ***Pre-Conference***

The Union of Towns and Communities has designated a member of its Finance Committee who will chair each session and an alternate who will assist the Chairperson. These persons will work in advance of the Conference with the two firms designated by USAID—the Urban Institute (Washington, D.C.) and Urban Research (Prague)—to plan and design each session in detail. Urban Research will contact each of the speakers from the Czech Republic. The Urban Institute will contact each of the speakers from the United States. They will provide all available background materials to the speakers and explain to them the subject and duration of their presentation.

Each speaker will prepare an outline of their presentation. This outline should be brief (2-3 pages) and should highlight the key content of the presentation and the proposed flow of ideas. The speakers should send their outline to Urban Research or the Urban Institute, as appropriate, no later than July 4, 1997. The UTC Chairperson and the staff of Urban Research and the Urban Institute will review the outline and provide comments and suggested changes to the speakers on the style, format and content of the presentation by July 25. These will be delivered to each speaker in writing and discussed by telephone. The speakers should submit the revised outline to Urban Research or the Urban Institute by August 15. Urban Research will assemble the completed outlines into a conference binder, using a common format and style.

### ***During the Conference***

The UTC Chairperson will open each session by welcoming the audience. The Chairperson will identify the theme of the session and

explain how the particular session fits that theme. After describing how the session will be conducted, the Chairperson will introduce each speaker, providing a brief biographical sketch and an explanation why they were chosen for the particular session. The Chairperson will then turn the session over to the speakers, and monitor the time of each presentation. After all the presentations have been concluded, the Chairperson will lead the subsequent discussion, as determined in advance for each session. Once the allotted time for the session has concluded, the Chairperson will bring the discussion to an end and thank the speakers and the audience. In those sessions in which the Chairperson also will be making a presentation, the alternate designated by the UTC will monitor the time taken by the presentations and will manage the flow of the discussion.

Urban Research will ensure that the room for each session is set up as proposed in the session plan and that all necessary equipment is installed and operating. All sessions with foreign speakers will include simultaneous Czech/English translation.

## **CONTENT**

### ***General Session 1: Financial Disclosure and Credit Evaluation***

#### **Theme**

Although the municipal credit market in the Czech Republic has developed at a rapid pace, its institutionalization as a permanent source of financing for local investments requires the development of procedures to ensure the full and consistent disclosure of information on the financial condition of municipalities. It requires as well the development of an independent capacity to analyze this information to determine the level of risk among the large number of municipalities that participate in the credit market. The Union of Towns and Communities has taken the lead in establishing municipal financial disclosure standards and in supporting the development of an independent credit rating capacity. As part of this effort, it has been working closely with the Ministry of Finance, as well as with commercial bank lenders active in the municipal credit market.

This session will present the basic concepts and methods regarding financial disclosure and credit evaluation, as they apply to the current development of the municipal credit market in the Czech Republic. The material will be presented from the perspective of the key participants in the credit markets: local governments, private lenders, other private institutions that support the market and the national government. One

presentation will look at one municipality which has gone through the process of obtaining a credit rating. It will show how a rating can help a municipality gain access to the credit market, and how it is linked to the idea of municipal financial disclosure.

### **Chairperson and Speakers/Subject to Address**

- ! The Chairperson for this session will be Ivan Černý, Mayor of Úvaly and a member of the UTC Financial Commission. The chairperson should very briefly introduce the roundtable, then participate in the discussion, but not make a separate presentation at the outset.
- ! Mr. Mark Abrahams from the United States and a consultant to the Urban Institute who has provided much of the USAID assistance in the Czech Republic in the areas of accounting and audits will describe the difference between mandatory and voluntary financial disclosure and indebtedness standards and how they have been put into practice in different countries.
- ! Mr. Igor Kocmánek (ING Barings), representing the perspective of investors active in the municipal credit market will describe possible developments in the Czech Republic in the area of private credit ratings and will speak about the possible evolution of lending terms and practices as the market becomes more competitive and more sensitive to different risk levels among municipal borrowers.
- ! Mrs. Věra Kamenčková (Ministry of Finance) will describe financial disclosure and credit evaluation from the governmental point of view.
- ! Mr. Milan Balabán (Deputy Mayor of Ostrava) will describe how the municipality obtained a credit rating and what the process entailed, such as what information was required, what it cost the city and how long it took.

### **Forum**

This session will be held in the main auditorium and is scheduled for 1.5 hours. It will be organized as a roundtable discussion with four speakers. Each speaker will be asked to speak for 10 to 15 minutes.

Presentations will be made by each speaker directly from where they are sitting at the head table or from a rostrum. Because this will be a session in the main auditorium with potentially a large audience, it will not be easily suitable for an intense period of questions and answers. However, there will be some time for a few questions from the audience. The chairperson will be serving as moderator.

### **Equipment**

- Existing table at the front of the room
- Two microphones at head table and two microphones with long cords which can be shared by the audience to ask questions
- Facilities for simultaneous Czech/English translation
- Overhead projector or slide carousel for presenters wishing to use overheads or slides

### **Date and Time of Session**

- September 16, First General Session: 1:30 - 3:00

### ***Individual Sessions on Specific Subjects***

This portion of the program involves smaller sessions organized around four themes:

- Participating Successfully in the Municipal Credit Markets
- Strengthening Municipal Financial Management
- Professional Development of Municipal Finance Officers
- New National and International Developments Affecting Local Governments

The sessions corresponding to each theme will run concurrently, so that at any point in time there are four simultaneous presentations occurring in different rooms. The expectation is that the various themes will appeal to persons with different interests. The smaller sessions should facilitate greater discussion from the audience.

### **Theme: Participating Successfully in the Municipal Credit Market**

This theme will pick up on the content of the general session on Financial Disclosure and Credit Evaluation. The two individual sessions under this theme will explore in greater detail key aspects of the broader discussion.



**# Individual Session 1: Debt Management.** This session will begin with two general presentations. The first will involve comments by a local government official on the significance of alternative financial disclosure and credit evaluation standards for municipalities in the Czech Republic. The second general presentation will be on municipal financial indicators and benchmarks as they would be applied in the Czech Republic as a basic tool in financial disclosure and credit evaluation. The other presentation will look at the practical experience of a municipality from the Czech Republic, at the internal process used in a municipality to monitor and manage their debt position.

*Chairperson and Speakers/Subject to Address*

- ! The Chairperson for this session will be Jiří Juřena, Director of the branch of the Czech Savings Bank in Olomouc and a member of the UTC Finance Committee. The chairperson should very briefly introduce the roundtable, then participate in the discussion, but not make a separate presentation at the outset.
- ! Mr. Vladimír Ježek, Finance Director of Pardubice, will describe the lessons learned during his participation in a visit to various institutions in the United States that deal with debt management or oversee municipal debt.
- ! Mrs. Zdena Matoušková of Urban Research will describe the results of the joint efforts of the UTC and the Ministry of Finance to develop municipal financial performance indicators and benchmarks for the Czech Republic.
- ! Mr. Jaroslav Kubera (Mayor of Teplice) will describe how the municipality manages its own debt, what policies and procedures it has adopted and how the different responsibilities have been distributed between the Council, the Mayor and the financial management staff.

**# Individual Session 2: Auditing and Accounting Standards and Practices.** The first building block of a successful process of financial disclosure is to have timely information that represents faithfully the financial condition and debt position of local governments. This session will look at how the requirements of financial disclosure affect local government accounting and audit standards and practices. It will review specifically what this might mean today in the Czech Republic in terms of added time and cost to local governments. It also will look at the possible impact of EU standards in this field.

### *Chairperson and Speakers/Subject to Address*

- ! The Chairperson for this session will be Mr. Antonin Decarli, Mayor of Zlata Koruna and a member of the UTC Financial Commission. The alternate will be Mr. Vladimir Ježek, Finance Director of Pardubice. The chairperson should very briefly introduce the roundtable, then participate in the discussion, but not make a separate presentation at the outset.
- ! Mr. Mark Abrahams from the United States and a consultant to the Urban Institute who has provided much of the USAID assistance in the Czech Republic in the areas of accounting and audits will describe the general concepts of local government accounting and audit standards in the context of financial disclosure for use by credit markets, using examples derived from the results of his analysis of the current auditing and accounting practices in the Czech Republic. Mr. Abrahams also will describe the possible implications of EU standards in this field.
- ! Mr. Jan Tyll of Price Waterhouse and the Chamber of Auditors of the Czech Republic will describe the possible evolution of audit standards for local governments in the country in response to the need for timely and accurate information on the financial condition and debt position of municipalities.
- ! Mr. Jan Sedlák of the private audit firm of Pagina Folio will describe—using Pardubice as a case—their experience in auditing Czech municipalities and discuss the possible impact in terms of time, cost and information requirements for future audits based on new or revised audit standards.

### *Forum*

Each session is scheduled for 1.5 hours in one of the smaller rooms. The sessions will be organized as a roundtable discussion. Each speaker will speak for 10 to 15 minutes, so that roughly half the session can be devoted to questions and answers.

Presentations would be made by each speaker directly from the head table. Questions would be answered from the head table, with the chairperson serving as moderator.

### *Equipment*

- A table at the front of the room, with chairs facing the audience
- Two microphones at head table and two microphones with long cords which can be shared by the audience to ask questions
- Facilities for simultaneous Czech/English translation
- Overhead projector or slide carousel for presenters wishing to use overheads or slides

### *Date and Time of Session*

- Debt Management: September 16, Session B: 15:15 - 16:45
- Accounting and Audit Standards: September 17, Session C: 8:45 - 10:15

### **Theme: Strengthening Municipal Financial Management**

Access to credit and debt management are not the only significant and difficult challenges that local governments confront today in the Czech Republic. Municipalities are still searching for more effective ways to plan, budget and manage their operating and capital expenditures. They are looking for ways to maximize the resources available to them from local taxes and fees or from revenues derived from the assets owned by the municipality. They also are coping with new risks in the areas of treasury management and insurance of their property. The two sessions covered under this theme will explore a broad range of sound financial management practices in these areas drawn from examples of actual practices in use in Czech municipalities.

**# Individual Session 3: Assets & Financial Risk Management.** Both large and small municipalities in the Czech Republic today are likely to own substantial property and other assets, which are not necessarily needed or used directly in the provision of local services. These assets represent the wealth of the community. It is the responsibility of local officials to manage this wealth prudently. They also must find ways in which the wealth can contribute to improving the quality and level of services in the community. These two objectives are not necessarily compatible. That is, trying to maximize the benefits derived from land or financial investments available to the municipality also may generate higher risks and possible losses. How to achieve greater returns within prudent bounds presents a very real and difficult challenge for local officials. The session will look at specific examples of how municipalities in the Czech Republic have confronted this challenge. It also will look at the role that insurance policies can play in helping to mitigate the risks.

*Chairperson and Speakers/Subject to Address*

- ! The chairman of the session will be Milan Balabán, Deputy Mayor of Ostrava and member of the UTC Financial Committee. The chairperson should very briefly introduce the roundtable, then participate in the discussion, but not make a separate presentation at the outset.
- ! Mr. Jack Kiley from the United States and a consultant to The Urban Institute who participated under the USAID assistance program on cash management to Ostrava will focus on assets and financial risk management in general.
- ! Mr. Petr Kainar of Central European Financial Company will discuss the policies, the process and the structures that the city of Ostrava has devised to improve cash management and to find ways to maximize the returns from their short-term cash holdings. He will describe the results obtained to date and discuss the implications of their experience to other cities.
- ! Mr. Lindzee Wittaker of the American Insurance Group will talk about specific products for municipalities, different ways in which municipalities can use insurance policies to protect their property, to mitigate risks or to get better rating, and about differences in U.S. and Czech approaches and how to use US experience under Czech conditions.

**# Individual Session 4: Innovative Financial Management Practices.** This session will provide an opportunity for local officials to share practical experiences that represent new ways of addressing existing financial management problems. This follows the success at the first conference with a similar presentation, which received very high marks from participants. The session will seek to draw on the diversity of local conditions that is so characteristic of local governments in the Czech Republic. Presentations will concentrate on the processes that municipalities have used to develop and implement a capital improvement budget for the municipality, on their efforts to reduce the cost of expenditures and improve quality of services or on fund raising related to preservation of historical monuments.

*Chairperson and Speakers/Subject to Address*

- ! The chairman of the session will be Mr. Bedrich Marek, Mayor of Krnov and member of the UTC Finance Committee. The

chairperson should very briefly introduce the roundtable, then participate in the discussion, but not make a separate presentation at the outset.

- ! Municipal representatives will look at how municipalities of different sizes in different regions handle basic financial functions. They will describe the results obtained to date and discuss the implications of their experience to other cities.
- ! Mr. Petr Víték, City Manager of Svitavy and Mr. Jiří Škrabal, Finance Director of Svitavy will describe the role of city manager and information system in practices of municipal finance management.
- ! Mr. Jiří Vanček, Mayor of Tábor, will describe the financial status of historical cities and the process of fund raising related to preservation of historical monuments.
- ! Mr. Jan Březina, Deputy Mayor of Uničov, will describe financial management practices in his town.
- ! Mr. Tom Zajček\*, Mayor of Písek, will describe financial management practices in his town.

### *Forum*

Each session is scheduled for 1.5 hours in one of the smaller rooms. The sessions will be organized as a roundtable discussion. Each speaker will speak for 10 to 15 minutes, so that roughly half the session can be devoted to questions and answers.

Presentations would be made by each speaker directly from the head table. Questions would be answered from the head table, with the chairperson serving as moderator.

### *Equipment*

- Table at the front of the room, with chairs facing the audience
- Facilities for simultaneous Czech/English translation
- Two microphones at head table and two microphones with long cords which can be shared by the audience to ask questions
- Overhead projector or slide carousel for presenters wishing to use overheads or slides

*Date and Time of Session*

- Assets and Financial Risk Management: September 16,  
Session B: 15:30 - 17:00
- Innovative Financial Management Practices: September 17,  
Session C: 8:45 -10:15

**Theme: Professional Development of Municipal Finance Professionals**

This theme is repeated from the first conference held in 1996. The two sessions under this theme will discuss the professional challenges that mayors and finance officers confront in the rapidly evolving municipal environment in the Czech Republic. Mayors and finance officers need to develop and evolve as professionals, acquiring new knowledge, learning new skills and forming new attitudes. Local financial problems are more complex and demanding. To address them successfully, the mayor and the finance officer must work closely together in an environment of continuing cooperation. They also must adjust to the expectations of citizens and other persons outside the municipality, such as the news media and lenders, who want and require more involvement and information regarding the finances of the municipality.

One of the sessions will explore the professional development resources available to help mayors and finance officers identify and learn the new financial concepts and methods they need in their jobs. Another will look at the evolving professional relationship between the mayor and the finance officer.

**# Individual Session 5: Professional Improvement Opportunities for Mayors and Finance Officers.** This session will discuss how and where mayors and finance officers are obtaining the knowledge, learning the skills and forming the new attitudes they need to respond to new challenges and deal with rapid change. It will look at how mayors and finance officers currently learn about opportunities for professional growth and how they identify and hear of new financial concepts and methods that can enhance their job performance. The session will discuss professional development resources and opportunities available to mayors and municipal finance officers, including seminars, workshops, conferences and other means available to help them develop greater professional competencies.

*Chairperson and Speakers/Subject to Address*

- ! The Chairperson for this session will be Mr. Jaromír Jech, Chief Director of the Ministry of Transportation and Communication and former Executive Director of the UTC.
- ! Three speakers, Mrs. Marie Bednářová, Director of the Fund for Assistance to Local Government, Mr. René Wokoun of Prague Economic University, and Mrs. Romana Provazníková of University of Pardubice will review the professional development resources and opportunities currently available to mayors and finance officers. Each will present opening remarks that briefly address the following topic: what are the skills and information necessary for finance officers to obtain in such a rapidly changing environment to be as effective as they can and how best might such skills and information be obtained?

**# Individual Session 6: Effective Mayor/Finance Officer Collaboration.** This session will discuss the role and relationship between the mayor and the finance officer in managing the financial affairs of the municipality. It will address how an effective relationship can be developed and how such a relationship can impact the financial conditions of the community. The mayor and the finance officers from three different municipalities in the Czech Republic will describe their respective roles and relationship in their municipality and explain what makes the relationship so effective. Further, they will discuss how this relationship has evolved over time. Finally, they will identify their view on the two or three most important characteristics that determine a positive working relationship between the mayor and the finance officer in a community.

*Chairperson and Speakers/Subject to Address*

- ! The Chairperson for this session will be Mr. Libor Slezak, Mayor of Pardubice and a member of the UTC Finance Committee.
- ! Six speakers will represent the perspective of Czech municipal officials. They will present a brief synopsis of their working relationship and address the question as to what factors contribute to an effective working relationship between the mayor and finance officer. They will include:
  - Mr. Pavel Heřman, Mayor and Mrs. Marie Svátková, Finance Officer of Třebíč
  - Mr. Miloslav Bureš, Mayor and Mrs. Iva Wágnerová, Finance Officer of Bruntál

- Mr. Pavel Balík, Mayor and Mr. Marek Štípaník,  
Finance Officer of Znojmo
- \*Mr. Tom Zajček, Mayor and Mrs. Marie Mašková,  
Finance Officer of Písek.

### *Forum*

Each session is scheduled for 1.5 hours in one of the smaller rooms. The sessions will be organized as a roundtable discussion. Each speaker will speak for 10 to 15 minutes, so that roughly half the session can be devoted to questions and answers.

Presentations would be made by each speaker directly from the head table. Questions would be answered from the head table, with the chairperson serving as moderator.

### *Equipment*

- Table at the front of the room, with chairs facing the audience
- Two microphones at head table and two microphones with long cords which can be shared by the audience to ask questions
- Overhead projector or slide carousel for presenters wishing to use overheads or slides

### *Date and Time of Session*

- Professional Development for Finance Professionals:  
September 16, Session B: 15:30 - 17:00
- Effective Mayor/Finance Officer Collaboration: September 17,  
Session C: 8:45 - 10:15

### **Theme: New National and International Developments Affecting Local Governments**

The two sessions presented under this theme will look at the changing legal and regulatory context in which municipalities operate in the Czech Republic. That context is always subject to change, as the National Parliament and key Ministries amend or add to the existing rules. In addition, as the Czech Republic moves toward closer integration with the European Union, the question of EU directives and their possible impact on local government in this country arises. Consistent with the overall themes of the Conference, the focus in both cases will be on those changes that affect municipal financial management.





**# Individual Session 7: Integration with European Union and its Implications for Municipal Finance in the Czech Republic.** This session will look at how membership of the Czech Republic in the European Union might affect local government finances in the Czech Republic.

*Chairperson and Speakers/Subject to Address*

- ! The Chairperson for this session will be Mr. Jiří Brýdl, Mayor of Svitavy, member of the UTC Finance Committee and Senator.
- ! The presentations of persons speaking on behalf of EU and Czech Ministry of Foreign Affairs will describe the process of integration with EU.
- ! Mr. Jaroslav Král of the Ministry for Local Development will look at EU structural funds, their impact on municipal finance and legal changes in the Czech Republic.

**# Individual Session 8: Legislative and Regulatory Initiatives.** This session will consist of presentations by responsible ministries on the most important legislative and regulatory changes that will impact municipal finances starting in 1998.

*Chairperson and Speakers/Subject to Address*

- The Chairperson for this session will be Mrs. Libuše Benešová, Senator and Advisor to Minister of Finance.
- The person speaking on behalf of the Ministry of Local Development will be Mr. Roman Línek, Deputy Minister.
- The person speaking on behalf of the Ministry of Finance will be ....
- The person speaking on behalf of the Ministry of Interior will be ....

### *Forum*

Each session is scheduled for 1.5 hours in one of the smaller rooms. The sessions will be organized as a roundtable discussion. Each speaker will speak for 10 to 15 minutes, so that roughly half the session can be devoted to questions and answers.

Presentations would be made by each speaker directly from the head table. Questions would be answered from the head table, with the chairperson serving as moderator.

### *Equipment*

- Table at the front of the room, with chairs facing the audience
- Two microphones at head table and two microphones with long cords which can be shared by the audience to ask questions
- Facilities for simultaneous Czech/English translation
- Overhead projector or slide carousel for presenters wishing to use overheads or slides.

### *Date and Time of Session*

- EU Standards and their Implications for Municipal Finance: September 16, Session B: 15:30 - 17:00
- Legislative and Regulatory Initiatives: September 17, Session C: 8:45 - 10:15

## ***General Session 2: Municipal Credit Alternatives***

### **Theme**

This session will look at those aspects of financing of municipal investments in the Czech Republic that cannot be analyzed solely by looking at the existing municipal credit market. They are for instance looking for new financial sources for municipal development programs in the overall local government credit finance picture or the need to find a viable financing mechanism specifically for small municipalities.

For many of the smallest municipalities, access to the commercial credit markets is still difficult if not impossible. Their investment needs sometimes lack the scale necessary to justify an individual lending operation. They may not have the knowhow to deal successfully with commercial banks. There are two options that may provide a viable response to the financing needs of small municipalities. One is the large

number of voluntary associations of municipalities that exist throughout the country. Many of them have been created to address shared infrastructure needs of municipalities in the same geographic area. Can these associations become a vehicle for channeling credit. The other option is the use of lending pools or bond banks. These are names of mechanisms employed in the United States to address the financing needs of smaller local jurisdictions.

### **Chairperson and Speakers/Subject to Address**

- ! The Chairperson for this session will be Mr. Pavel Vyvijal, Mayor of Frydek- Mistek and Chairman of the Finance Committee of the UTC. The alternate will be Mr. Petr Gerlich, Director of the Moravia Bank in Frydek Mistek.
- ! Mr. Ladislav Macka, Director of ĚMZRB and MUFIS Representative, will describe the U.S. experience with mechanisms that facilitate access by smaller municipalities to the credit markets.
- ! Deputy Minister Roman Línek of the Ministry of Local Development will speak on the options available to address the specific financing needs of small municipalities in the Czech Republic who can address current policy regarding the two key credit issues covered by this session, lending for small municipalities and the role of subsidies in the municipal credit market.
- ! A representative of the Prague Stock Exchange Chamber or of Prague branch of a foreign bank will present the capital markets view.
- ! Mr. Jiří Pulz of the Czech Leasing Companies Association will talk about leasing alternatives of municipal credits.

### **Forum**

This session will be held in the main auditorium and is scheduled for 1.5 hours. It will be organized as a roundtable discussion with four speakers. Each speaker will be asked to speak for 10 to 15 minutes.

Presentations will be made by each speaker directly from where they are sitting at the head table or from a rostrum. Because this will be a session in the main auditorium with potentially a large audience, it will not

be easily suitable for an intense period of questions and answers. However, there will be some time for a few questions from the audience. The chairperson will be serving as moderator.

### Equipment

- Existing table at the front of the room
- Two microphones at head table and two microphones with long cords which can be shared by the audience to ask questions
- Facilities for simultaneous Czech/English translation
- Overhead projector or slide carousel for presenters wishing to use overheads or slides

### Date and Time of Session

- September 17, Second General Session: 10:45 - 12:15

**Table 1**  
**Structure of the Conference**

	Track 1	Track 2	Track 3	Track 4
<b>Tuesday, September 16, 1997</b>				
8:00 - 9:30		Registration		
10:00 - 12:00		Opening Plenary Session		
12:00 - 13:30		Buffet Lunch for Participants		
Session A: 13:30 - 15:00		<i>Credit Evaluation and Financial Disclosure</i>		
15:00 - 15:30		Coffee Break		
Session B: 15:30 - 17:00	<i>Debt Management</i>	<i>Assets &amp; Financial Risk Management</i>	<i>Professional Development for Finance Officers</i>	<i>Integration with EU and its Implications for Municipal Finance</i>
17:00 - 18:30		Free Time		
18:30 - 22:00		Evening Reception for Participants		
<b>Wednesday, September 17, 1997</b>				



---

Session C: 8:45 - 10:15	<i>Accounting and Audit Standards</i>	<i>Innovative Financial Practices</i>	<i>Effective Mayor/ Finance Officer Collaboration</i>	<i>Legislative Initiatives</i>
10:15 - 10:45			Coffee Break	
Session D: 10:45 - 12:15			<i>Municipal Credit Alternatives</i>	
12:15 - 12:45			Closing Plenary Session	
			Buffet Lunch for Participants	
12:45 - 14:00				

---